

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

JUNE 30, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

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134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

July 10, 2007

INDEPENDENT AUDITORS' REPORT

Board of Education
Charlevoix Public Schools
Charlevoix, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlevoix Public Schools as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charlevoix Public School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charlevoix Public Schools as of June 30, 2007 and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 10, 2007, on our consideration of Charlevoix Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charlevoix Public Schools, Charlevoix, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

Charlevoix Public Schools, a K-12 school district located in Charlevoix and Antrim Counties, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Charlevoix Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007 along with specific comparative information as required.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements are calculated using full accrual accounting and more closely resemble those presented by business and industry. The entire District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal years ended June 30, 2007 and 2006:

	2006-2007 Fiscal Year	2005-2006 Fiscal Year
Assets		
Current Assets	\$ 5,246,824	\$ 4,565,720
Non Current Assets		
Capital Assets	30,227,173	30,123,315
Less Accumulated Depreciation	(6,711,668)	(5,940,355)
Total Non Current Assets	23,515,505	24,182,960
Total Assets	\$ 28,762,329	\$ 28,748,680
Liabilities		
Current Liabilities	\$ 2,482,072	\$ 2,589,548
Non Current Liabilities	16,304,315	16,914,999
Total Liabilities	18,786,387	19,504,547
Net Assets		
Invested in Capital Assets Net of Related Debt	7,510,505	7,517,960
Restricted for Debt Service	874,750	605,688
Restricted for Capital Projects	965,252	449,216
Unrestricted	625,435	671,269
Total Net Assets	9,975,942	9,244,133
Total Liabilities and Net Assets	\$ 28,762,329	\$ 28,748,680

D. Analysis of Financial Position

During the fiscal year ended June 30, 2007, the District's net assets increased by \$731,809. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$848,334 was recorded for depreciation expense.

Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2007, \$180,879 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$667,455 for the fiscal year ended June 30, 2007.

E. Results of Operations

For the fiscal years ended June 30, 2007 and 2006, the results of operations, on a District-wide basis, were:

	2007		2006	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 9,421,601	63.3%	\$ 8,908,479	60.0%
Investment Earnings	325,172	2.2%	233,106	1.6%
State Sources	3,145,927	21.1%	3,614,870	24.3%
Other	140,768	0.9%	151,906	1.0%
Total General Revenues	13,033,468	87.5%	12,908,361	86.9%
Program Revenues				
Charges for Services	518,250	3.5%	573,613	3.9%
Operating Grants	1,336,684	9.0%	1,373,999	9.2%
Total Program Revenues	1,854,934	12.5%	1,947,612	13.1%
Total Revenues	14,888,402	100.0%	14,855,973	100.0%
Expenses				
Instruction	7,666,574	54.2%	8,302,405	55.4%
Supporting Services	4,006,539	28.3%	4,150,326	27.7%
Food Service Activities	500,595	3.5%	480,750	3.2%
Athletic Activities	254,369	1.8%	283,203	1.9%
Community Services	5,484	0.0%	5,017	0.0%
Interest on Long-Term Debt	830,042	5.9%	857,801	5.7%
Other Transactions	44,656	0.3%	62,602	0.4%
Unallocated Depreciation	848,334	6.0%	859,365	5.7%
Total Expenses	14,156,593	100.0%	15,001,469	100.0%
Change in Net Assets	\$ 731,809		\$ (145,496)	

**Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$7,123,367 in non-homestead property taxes. This represented an increase of 5.50% from the prior year. The amount of unpaid property taxes at June 30, 2007, was \$10,606.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Increase (Decrease) from Prior Year
2006-2007	7,123,367	5.50%
2005-2006	6,752,163	5.54%
2004-2005	6,397,782	8.28%
2003-2004	5,908,439	6.33%
2002-2003	5,556,608	9.88%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2006-2007 fiscal year, the District received a base foundation allowance of \$8,272 per student FTE which represented a \$210 per student increase from the net foundation allowance received in 2005-2006.

**Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

3. Student Enrollment

The following schedule summarizes the blended general education student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE	FTE Change from Prior Year
2006-2007	1,262	(36)
2005-2006	1,298	(52)
2004-2005	1,350	(7)
2003-2004	1,357	(14)
2002-2003	1,371	(14)

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2007, federal, state, and other grants accounted for \$1,336,684. This represents a \$37,315 decrease over the total grant sources received for the 2005-2006 fiscal year.

5. Sinking Fund

For the fiscal year ended June 30, 2007, the District received \$616,610 from a sinking fund tax levy of mills. The District utilized these funds as part of an ongoing capital repair program to several of the buildings within the District, as well as additions to the athletic fields at Charlevoix High School. This sinking fund millage has been approved through the 2008 tax roll year.

Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007

6. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
Instruction	\$ 7,592,394	\$ 8,378,291	\$ (785,897)
Supporting Services	4,135,907	4,274,296	(138,389)
Food Service Activities	496,970	480,214	16,756
Athletic Activities	254,369	283,203	(28,834)
Community Services	5,484	5,017	467
Debt Service	1,495,239	1,452,329	42,910
Other Transactions	24,122	46,637	(22,515)
Transfers Out	207,111	209,147	(2,036)
Total Expenditures	\$ 14,211,596	\$ 15,129,134	\$ (917,538)

A comparison of expenditures by fund is as follows:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
General Fund	\$ 11,818,611	\$ 12,806,286	\$ (987,675)
Food Service Fund	496,970	480,214	16,756
Athletic Activities Fund	254,369	283,203	(28,834)
Debt Service Fund	1,498,334	1,455,915	42,419
Capital Projects-Sinking Fund	143,312	103,516	39,796
Total Expenditures	\$ 14,211,596	\$ 15,129,134	\$ (917,538)

**Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2006-2007 fiscal year, the District amended the general fund budget three times, with the Board adopting the changes in November 2006, March 2007 and June 2007. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 11,939,770	\$ 11,874,849	\$ 11,925,224	\$ 50,375
EXPENDITURES				
Instruction	\$ 8,203,840	\$ 7,629,471	\$ 7,592,394	\$ (37,077)
Supporting Services	4,348,234	4,091,149	3,992,595	(98,554)
Community Services	9,000	5,800	5,484	(316)
Other Transactions	35,000	35,000	21,027	(13,973)
Transfers Out	234,500	214,500	207,111	(7,389)
Total Expenditures	\$ 12,830,574	\$ 11,975,920	\$ 11,818,611	\$ (157,309)

The original revenue budget of \$11.939 million was reduced to \$11.874 million primarily as a result of lower than anticipated student counts.

The original expenditure budget of \$12.830 million was reduced to \$11.975 million primarily as a result of lower than anticipated instruction and support service expenditures.

The total revenues variance of \$50,375 is .4% of total budgeted revenues and the total expenditures variance of \$157,309 is approximately 1.33% of the total General Fund expenditures for the year.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2006-2007 fiscal year, the District had invested over \$30.227 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$103,858 over the prior

**Charlevoix Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

fiscal year. Depreciation expense for the year amounted to \$848,334, bringing the accumulation to \$6.711 million as of June 30, 2007.

2. Long-Term Debt

At June 30, 2007, the District had \$16,005,000 in bonded debt outstanding. This represents a reduction of \$660,000 over the amount outstanding at the close of the prior fiscal year as no new debt was issued in the 2006-2007 fiscal year.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2007-2008 fiscal year. The early indication is that the foundation allowance will receive a small increase. This will pose a challenge to the District to maintain structural balance while continuing with its educational programming.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. The number of retirees projected to occur over the next few years may also result in higher annual increases. On the positive side, the State has decreased the retirement rate for 2007-2008 to 16.72% from 17.74%. However, increases are projected in future years.
- The contracts with the Northern Michigan Education Association of Charlevoix and the Northern Michigan Education Association, the unions that represent the teaching staff and support staff, expire in August 2008.
- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores (Michigan Educational Assessment Program) are compared from year to year, with the results being tabulated by school building and by district. With the changes to the federal Title I legislation resulting from the No Child Left Behind Act, adequate yearly progress of students becomes very important. This increase in assessments of all students will need to be funded by the district.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Charlevoix Public Schools, 208 Clinton Street, Charlevoix, Michigan 49720.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 3,336,523
Taxes Receivable	48,612
Accounts Receivable	397,522
Inventories	19,338
Investments	1,354,465
Prepaid Expenditures	90,364
Total Current Assets	<u>5,246,824</u>

NON CURRENT ASSETS

Capital Assets	30,227,173
Less Accumulated Depreciation	<u>(6,711,668)</u>
Total Non Current Assets	<u>23,515,505</u>
TOTAL ASSETS	<u>\$ 28,762,329</u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 86,909
Accrued Expenses	397,536
Accrued Interest Payable	134,391
Salaries Payable	644,455
Deferred Revenue	478,781
Current Portion of Non Current Liabilities	<u>740,000</u>
Total Current Liabilities	<u>2,482,072</u>

NON CURRENT LIABILITIES

Bonds Payable	16,005,000
Compensated Absences	1,039,315
Less Current Portion of Non Current Liabilities	<u>(740,000)</u>
Total Non Current Liabilities	<u>16,304,315</u>
Total Liabilities	<u>18,786,387</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	7,510,505
Restricted for Debt Service	874,750
Restricted for Capital Projects	965,252
Unrestricted	<u>625,435</u>
Total Net Assets	<u>9,975,942</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,762,329</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 6,117,710	\$ 155,533	\$ 55,383	\$ (5,906,794)
Added Needs	1,548,864	0	1,101,071	(447,793)
Supporting Services				
Pupil	419,491	0	2,330	(417,161)
Instructional Staff	406,699	0	1,438	(405,261)
General Administration	336,460	0	0	(336,460)
School Administration	742,217	0	0	(742,217)
Business	165,511	0	0	(165,511)
Operation and Maintenance	1,238,231	0	0	(1,238,231)
Pupil Transportation Services	506,886	0	0	(506,886)
Central Services	191,044	0	0	(191,044)
Food Service Activities	500,595	282,316	176,462	(41,817)
Athletic Activities	254,369	80,401	0	(173,968)
Community Services	5,484	0	0	(5,484)
Interest on Long Term Debt	830,042	0	0	(830,042)
Other Transactions	44,656	0	0	(44,656)
Unallocated Depreciation	848,334	0	0	(848,334)
Total Governmental Activities	\$ 14,156,593	\$ 518,250	\$ 1,336,684	(12,301,659)
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				7,123,367
Property Taxes -Debt Service				1,681,624
Property Taxes -Sinking Fund				616,610
Investment Earnings				325,172
State Sources				3,145,927
Other				140,768
Total General Revenues				13,033,468
Change in Net Assets				731,809
NET ASSETS - Beginning of Year				9,244,133
NET ASSETS - End of Year				\$ 9,975,942

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL	DEBT	OTHER	TOTAL
	FUND	SERVICE	NONMAJOR	GOVERNMENTAL
	FUND	FUND	FUNDS	FUNDS
<u>ASSETS</u>				
Cash	\$ 1,366,129	\$ 1,004,074	\$ 966,320	\$ 3,336,523
Taxes Receivable	42,133	5,067	1,412	48,612
Accounts Receivable	392,272	0	5,250	397,522
Inventories	14,227	0	5,111	19,338
Investments	1,354,465	0	0	1,354,465
Prepaid Expenditures	90,364	0	0	90,364
TOTAL ASSETS	\$ 3,259,590	\$ 1,009,141	\$ 978,093	\$ 5,246,824
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 86,909	\$ 0	\$ 0	\$ 86,909
Accrued Expenses	397,536	0	0	397,536
Salaries Payable	644,455	0	0	644,455
Deferred Revenue	508,196	3,521	854	512,571
Total Liabilities	1,637,096	3,521	854	1,641,471
<u>FUND BALANCES</u>				
Reserved for Prepaid Expenditures	90,364	0	0	90,364
Reserved for Inventory	14,227	0	5,111	19,338
Reserved for Debt Service	0	1,005,620	0	1,005,620
Reserved for Capital Projects	0	0	964,398	964,398
Designated for Employee Retirement	900,000	0	0	900,000
Unreserved, Undesignated Reported In:				
General Fund	617,903	0	0	617,903
Special Revenue Funds	0	0	7,730	7,730
Total Fund Balances	1,622,494	1,005,620	977,239	3,605,353
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,259,590	\$ 1,009,141	\$ 978,093	\$ 5,246,824

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances		\$ 3,605,353
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	30,227,173	
Accumulated depreciation is	<u>(6,711,668)</u>	23,515,505
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Bonds Payable		(16,005,000)
Compensated Absences		(1,039,315)
Accrued interest is not included as a liability in government funds, it is recorded when paid		(134,391)
Balance of taxes receivable at June 30, 2007, expected to be collected after September 1, 2007		<u>33,790</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 9,975,942</u></u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2007

	GENERAL FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 7,574,292	\$ 1,763,767	\$ 1,022,949	\$ 10,361,008
State Sources	3,705,282	0	19,667	3,724,949
Federal Sources	195,986	0	156,795	352,781
Other Transactions	449,364	0	0	449,364
Total Revenues	11,924,924	1,763,767	1,199,411	14,888,102
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	6,042,486	0	0	6,042,486
Added Needs	1,549,908	0	0	1,549,908
Supporting Services				
Pupil	408,129	0	0	408,129
Instructional Staff	357,442	0	0	357,442
General Administration	335,986	0	0	335,986
School Administration	813,057	0	0	813,057
Business	163,955	0	0	163,955
Operation and Maintenance	1,221,741	0	143,312	1,365,053
Pupil Transportation Services	503,212	0	0	503,212
Central Services	189,073	0	0	189,073
Food Service Activities	0	0	496,970	496,970
Athletic Activities	0	0	254,369	254,369
Community Services	5,484	0	0	5,484
Debt Service				
Principal	0	660,000	0	660,000
Interest	0	835,239	0	835,239
Other Transactions	21,027	3,095	0	24,122
Total Expenditures	11,611,500	1,498,334	894,651	14,004,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	313,424	265,433	304,760	883,617
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of School Property	300	0	0	300
Transfers In	0	0	207,111	207,111
Transfers Out	(207,111)	0	0	(207,111)
Total Other Financing Sources (Uses)	(206,811)	0	207,111	300
Net Change in Fund Balances	106,613	265,433	511,871	883,917
FUND BALANCE - Beginning of Year	1,515,881	740,187	465,368	2,721,436
FUND BALANCE - End of Year	\$ 1,622,494	\$ 1,005,620	\$ 977,239	\$ 3,605,353

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net change in Fund Balances Total Governmental Funds	\$ 883,917
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(848,334)
Capital Outlay	180,879
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	139,588
Accrued Interest Payable - End of Year	(134,391)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	660,000
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Deferred Revenue from Property Taxes - Beginning of Year	(54,324)
Deferred Revenue from Property Taxes - End of Year	33,790
Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	909,999
Compensated Absences - End of Year	(1,039,315)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 731,809</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash		\$ <u>108,715</u>
	<u>LIABILITIES</u>	
Due to Groups and Organizations		\$ <u>108,715</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Charlevoix Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District is located in Charlevoix and Antrim Counties with its administrative offices located in Charlevoix, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,262 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by the generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *DEBT SERVICE FUND* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Non-Major Funds

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *CAPITAL PROJECTS SINKING FUND* records capital project activities funded with Sinking Fund millage.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006. For fiscal year ended June 30, 2007, the per pupil foundation allowance was \$8,272 for Charlevoix Public Schools.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as accounts receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due July 1. Unpaid taxes become delinquent as of September 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	17.6874
Capital Projects Sinking Fund - Homestead and non-homestead	0.8712
Debt Service Fund - Homestead and non-homestead	2.3400

4. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of supplies held for consumption. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

The investment in the building for the Building and Trade projects is recognized as an asset on the General Fund balance sheet. The value is stated at cost of the building. The teachers' salaries for supervising the Building and Trade projects is not included in inventory, but is charged to General Fund Expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 - 15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

At June 30, 2007, the noncurrent liability to the employees for accumulated sick leave and related fringe benefits is estimated at \$1,039,315. It is reasonably possible that the estimated liability could change significantly due to non-vested teachers leaving the district or a higher or lower than normal use of employee sick leave. The portion of this liability expected to be paid to employees retiring in 2007-2008 was reported as a current liability in the General Fund at June 30, 2007.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The coordinator of business services submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and shall hold the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted or as amended by the School Board of Education throughout the year.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

Food Service expenditures of \$496,970 exceeded appropriations of \$491,935.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments – Credit Risk

The District's deposits and investments are all on deposit with banks located in the State of Michigan and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2007, \$3,124,753 of the government's bank balance of \$3,524,753 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
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JUNE 30, 2007

Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year-end, the only investments were investment trust funds.

Investment not subject to categorization:

Investment Trust Funds	\$ 1,354,465
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The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2007, the fair value of the District's investments is the same as the value of the pool shares.

Balance sheet classifications:

	DEPOSITS	INVESTMENTS	FIDUCIARY ASSETS	TOTAL
Cash	\$3,336,523	\$ 0	\$ 108,715	\$3,445,238
Investments	0	1,354,465	0	1,354,465
	<u>\$3,336,523</u>	<u>\$ 1,354,465</u>	<u>\$ 108,715</u>	<u>\$4,799,703</u>

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	GENERAL FUND	NONMAJOR AND OTHER FUNDS	TOTAL
Receivables			
Taxes	\$ 42,133	\$ 6,479	\$ 48,612
Accounts	392,272	5,250	397,522
Total Receivables	<u>\$ 434,405</u>	<u>\$ 11,729</u>	<u>\$ 446,134</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable - General Fund	\$ 29,416	\$ 0
Delinquent Property Taxes Receivable - Debt Service Fund	3,521	0
Delinquent Property Taxes Receivable - Capital Projects Sinking Fund	854	0
Grant Receipts Received, But Not Yet Utilized	0	478,780
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 33,791</u>	<u>\$ 478,780</u>

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Assets not being depreciated - Land	\$ 466,745	\$ 0	\$ 0	\$ 466,745
Other capital assets:				
Land improvements	1,103,919	26,651	0	1,130,570
Buildings and additions	25,446,861	71,757	0	25,518,618
Machinery and equipment	1,367,028	57,237	0	1,424,265
Textbooks and Library books	737,707	25,234	77,021	685,920
Transportation equipment	1,001,055	0	0	1,001,055
Subtotal	29,656,570	180,879	77,021	29,760,428
Less Accumulated Depreciation				
Land improvements	100,520	27,161	0	127,681
Buildings and additions	4,179,816	567,925	0	4,747,741
Machinery and equipment	368,122	108,198	0	476,320
Textbooks and Library books	547,264	65,709	77,021	535,952
Transportation equipment	744,633	79,341	0	823,974
	5,940,355	848,334	77,021	6,711,668
Net other capital assets	23,716,215	(667,455)	0	23,048,760
Net capital assets	<u>\$ 24,182,960</u>	<u>\$ (667,455)</u>	<u>\$ 0</u>	<u>\$ 23,515,505</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$848,334. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
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D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2007:

	Compensated		
	Absences	Bonds	Total
Balance July 1, 2006	\$ 909,999	\$ 16,665,000	\$ 17,574,999
Additions	129,316	0	129,316
Deletions	0	660,000	660,000
Balance June 30, 2007	1,039,315	16,005,000	17,044,315
Less current portion	0	740,000	740,000
Total due after one year	\$ 1,039,315	\$ 15,265,000	\$ 16,304,315

Bonds payable at June 30, 2007 is comprised of the following issues:

1999 School Building and Site Bonds Due in Annual Installments of \$695,000 to \$780,000 through May 1, 2009, Interest at 4.90% to 5.00%	\$ 1,475,000
2001 Refunding Bonds Due in Annual Installments of \$45,000 to \$1,500,000 Through May 1, 2020, Interest at 3.60% to 5.50%	14,530,000
Total bonded debt	<u>\$ 16,005,000</u>

The annual requirements to amortize debt outstanding as of June 30, 2007, including interest payments of \$6,357,744 are as follows:

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2008	\$ 740,000	\$ 804,140	\$ 1,544,140
2009	825,000	768,464	1,593,464
2010	910,000	727,778	1,637,778
2011	1,000,000	692,288	1,692,288
2012	1,085,000	652,288	1,737,288
2013-2017	6,945,000	2,262,786	9,207,786
2018-2020	4,500,000	450,000	4,950,000
	<u>16,005,000</u>	<u>6,357,744</u>	<u>22,362,744</u>
Compensated absences	<u>1,039,315</u>	<u>0</u>	<u>1,039,315</u>
	<u>\$ 17,044,315</u>	<u>\$ 6,357,744</u>	<u>\$ 23,402,059</u>

At June 30, 2007, outstanding general obligation bonds of \$14,410,000 are considered to be defeased. The annual requirements to amortize the accrued sick leave is uncertain because it is unknown when the employees will use the sick leave.

E. Short-Term Debt

The District incurred no short-term debt activity for the year.

F. Interfund Receivables, Payables, and Transfers

The District had no Interfund Receivables and Payables June 30, 2007

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers are as shown in the individual fund financial statements at June 30, 2007, were:

CHARLEVOIX PUBLIC SCHOOLS
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	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 207,111
School Service Fund - Food Service	30,000	0
School Service Fund - Athletic Activities Fund	177,111	0
	\$ 207,111	\$ 207,111

Transfers are used to move unrestricted general fund revenues to finance various programs that the School must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies.

G. Designated and Deficit Fund Balance

The School has designated the General Fund balance as follows:

1. Employee Retirement

As explained further in Footnote 1 item D-6, the District has committed to various provisions for the accumulation of long term sick pay benefits. At June 30, 2007, the fund balance designated for this purpose is \$900,000.

NOTE 4 – OTHER INFORMATION

A. Employee Retirement System

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2007, were 16.34% from July 1, 2006 to September 30, 2006 and 17.74% from October 1, 2006 to June 30, 2007. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2007, 2006 and 2005 were \$1,116,182, \$1,121,575 and \$1,026,799, respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Single Audit Report

Current federal guidelines require entities with federal expenditures exceeding \$500,000 to have a "single audit" of federally funded programs. At June 30, 2007, the School District's expenditures for federally funded programs was less than \$500,000 and therefore, the District is not required to have a "Single Audit for the fiscal year ended June 30, 2007.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2007 or any of the prior three years.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

D. Sinking Fund Tax Levy

On June 9, 2003, the taxpayers approved a renewal of a sinking fund tax levy. The School is authorized to levy .9 mills for six years beginning with the 2003 tax roll. The actual levy for the 2006 tax roll was .8712 mills due to Headlee rollback provisions. The Sinking Fund will be used for the repairs of school buildings. The transactions for the sinking fund are accounted for in a capital projects fund. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

E. 2001 Refunding Bonds

On October 23, 2001, the District issued \$14,725,000 in General Obligation Bonds with interest rates of 2.30% to 5.50% to advance refund \$14,410,000 of outstanding 1999 Series bonds with interest rates of 5.10% to 5.75%. The net proceeds of \$15,098,530 plus an additional \$158,729 of the Debt Fund monies were used to purchase \$15,257,259 of U.S. Government securities. The Debt Fund also paid an additional \$402,471 to pay interest due on the 1999 Series Bonds to be defeased. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1999 Series Bonds. As a result, \$14,410,000 of the 1999 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the non current liabilities of the District. Bond issuance costs of \$80,015 were paid by the bond escrow agent with resources earned on U.S. Government Securities issued.

The district advance refunded the remaining portion of the 1999 bond issue to reduce its total future debt service payments by \$779,136.

\$1,475,000 of 1999 School Building and Site Bonds remain outstanding at June 30, 2007 and are due in annual installments of \$695,000 to \$780,000 through May 1, 2009. The remaining \$14,410,000 will be redeemed by the escrow agent on May 1, 2010.

F. Lease Information

The rental expense for the year ended June 30, 2007 was \$3,523.

The rental expense consists of lease agreements on various equipment. The future minimum lease payments for these leases are as follows:

<u>YEAR ENDING</u>	<u>AMOUNTS</u>
2008	\$ 3,523
2009	881
	<u>\$ 4,404</u>

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>			
Local Sources	\$ 7,322,232	\$ 7,537,210	\$ 7,574,292
State Sources	3,955,445	3,703,766	3,705,282
Federal Sources	182,093	198,373	195,986
Other Transactions	480,000	435,500	449,364
Total Revenues	11,939,770	11,874,849	11,924,924
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	6,371,588	6,063,186	6,042,486
Added Needs	1,832,252	1,566,285	1,549,908
Supporting Services			
Pupil	383,176	412,603	408,129
Instructional Staff	405,362	364,130	357,442
General Administration	394,621	343,755	335,986
School Administration	829,517	821,075	813,057
Business	166,372	163,751	163,955
Operation and Maintenance	1,396,319	1,277,955	1,221,741
Pupil Transportation Services	553,972	516,660	503,212
Central Services	218,895	191,220	189,073
Community Services	9,000	5,800	5,484
Other Transactions	35,000	35,000	21,027
Total Expenditures	12,596,074	11,761,420	11,611,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(656,304)	113,429	313,424
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of School Property	0	0	300
Transfers Out	(234,500)	(214,500)	(207,111)
Total Other Financing Sources (Uses)	(234,500)	(214,500)	(206,811)
Net Change in Fund Balance	(890,804)	(101,071)	106,613
FUND BALANCE - Beginning of Year	985,822	1,515,881	1,515,881
FUND BALANCE - End of Year	\$ 95,018	\$ 1,414,810	\$ 1,622,494

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 2,480	\$ 963,840	\$ 966,320
Taxes Receivable	0	1,412	1,412
Accounts Receivable	5,250	0	5,250
Inventory	5,111	0	5,111
TOTAL ASSETS	\$ 12,841	\$ 965,252	\$ 978,093
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 0	\$ 854	\$ 854
<u>FUND BALANCE</u>			
Reserved for Inventory	5,111	0	5,111
Reserved for Capital Projects	0	964,398	964,398
Unreserved, Undesignated	7,730	0	7,730
Total Fund Balances	12,841	964,398	977,239
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,841	\$ 965,252	\$ 978,093

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 363,161	\$ 659,788	\$ 1,022,949
State Sources	19,667	0	19,667
Federal Sources	156,795	0	156,795
	<hr/>	<hr/>	<hr/>
Total Revenues	539,623	659,788	1,199,411
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Operation and Maintenance	0	143,312	143,312
Food Service Activities	496,970	0	496,970
Athletic Activities	254,369	0	254,369
	<hr/>	<hr/>	<hr/>
Total Expenditures	751,339	143,312	894,651
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(211,716)	516,476	304,760
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES</u>			
Transfers In	207,111	0	207,111
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(4,605)	516,476	511,871
	<hr/>	<hr/>	<hr/>
FUND BALANCE - Beginning of Year	17,446	447,922	465,368
	<hr/>	<hr/>	<hr/>
FUND BALANCE - End of Year	\$ 12,841	\$ 964,398	\$ 977,239
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 1,366,129	\$ 945,791
Taxes Receivable	42,133	56,092
Accounts Receivable	392,272	701,235
Due from Other Funds	0	14,510
Inventories - Building Trades Project	14,227	47,791
Investments	1,354,465	1,588,363
Prepaid Expenditures	90,364	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 3,259,590	\$ 3,353,782
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 86,909	\$ 74,370
Accrued Expenses	397,536	557,536
Salaries Payable	644,455	827,084
Deferred Revenue	508,196	378,911
	<hr/>	<hr/>
Total Liabilities	1,637,096	1,837,901
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Prepaid Expenditures	90,364	0
Inventories	14,227	47,791
Unreserved		
Designated for Employee Retirement	900,000	900,000
Undesignated	617,903	568,090
	<hr/>	<hr/>
Total Fund Balance	1,622,494	1,515,881
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,259,590	\$ 3,353,782
	<hr/>	<hr/>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 7,537,210	\$ 7,574,292	\$ 7,211,331
State Sources	3,703,766	3,705,282	4,168,209
Federal Sources	198,373	195,986	204,431
Other Transactions	435,500	449,364	487,687
Total Revenues	<u>11,874,849</u>	<u>11,924,924</u>	<u>12,071,658</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	2,036,129	2,026,383	2,301,431
Middle/Junior High	1,840,315	1,854,719	2,000,412
High School	2,057,152	2,034,036	2,297,098
Pre-School	106,300	104,065	99,036
Summer School	23,290	23,283	23,567
Added Needs			
Special Education	720,301	714,646	681,104
Compensatory Education	265,954	255,836	244,315
Career and Technical Education	580,030	579,426	731,328
Supporting Services			
Pupil			
Guidance Services	411,903	407,749	452,942
Health Services	700	380	594
Instructional Staff			
Improvement of Instruction	97,764	93,151	106,554
Educational Media Services	252,367	250,449	299,564
Supervision and Direction	10,999	10,968	10,573
Academic Student Assessment	3,000	2,874	3,732
General Administration			
Board of Education	72,830	66,412	64,368
Executive Administration	270,925	269,574	284,373
School Administration			
Office of the Principal	821,075	813,057	827,496
Business			
Fiscal Services	103,751	103,229	106,522
Other Business Services	60,000	60,726	57,594

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Operation and Maintenance	1,277,955	1,221,741	1,264,838
Pupil Transportation Services	516,660	503,212	541,546
Central Services			
Staff/Personnel Services	8,800	6,933	13,464
Technology	182,420	182,140	136,620
Community Services			
Community Services Direction	3,300	3,194	3,923
Community Activities	2,500	2,290	1,094
Other Transactions			
Payments to Other Public Schools	35,000	21,027	43,051
Total Expenditures	<u>11,761,420</u>	<u>11,611,500</u>	<u>12,597,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>113,429</u>	<u>313,424</u>	<u>(525,481)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from the Sale of Capital Assets	0	300	13,658
Transfers Out			
School Service Funds			
Food Service	(30,000)	(30,000)	(34,749)
Athletic Activities	(184,500)	(177,111)	(174,398)
Total Other Financing Sources (Uses)	<u>(214,500)</u>	<u>(206,811)</u>	<u>(195,489)</u>
Net Change in Fund Balance	(101,071)	106,613	(720,970)
FUND BALANCE - Beginning of Year	<u>1,515,881</u>	<u>1,515,881</u>	<u>2,236,851</u>
FUND BALANCE - End of Year	<u>\$ 1,414,810</u>	<u>\$ 1,622,494</u>	<u>\$ 1,515,881</u>

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>LOCAL SOURCES</u>			
Property Taxes			
Current Tax Roll	\$ 7,100,000	\$ 7,123,367	\$ 6,752,163
Penalties and Interest on Delinquent Taxes	28,000	28,062	22,104
Tuition			
Drivers Education	3,010	3,010	20,240
GED Fees	7,500	10,255	10,724
Earnings on Investments and Deposits	200,000	209,289	178,759
Other Local Revenues			
Bright Beginnings/Sunshine Club	88,300	88,446	98,293
Rentals	21,500	23,909	23,980
Miscellaneous	38,800	40,660	44,612
Special Bus Trips	10,000	10,428	13,978
Beverages	4,500	5,002	5,282
Title 9 Native American Grant	35,600	31,981	31,828
Adjustment to Prior Year Accounts	0	(117)	9,368
Total Local Sources	7,537,210	7,574,292	7,211,331
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	3,200,000	3,213,942	3,614,870
Grants-In-Aid Restricted			
State School Aid			
Special Education Obligation	208,000	210,623	242,548
Middle School Math & Science	15,000	15,837	0
At-Risk	160,000	160,275	118,926
Vocational Education	102,766	85,626	175,537
Transfers from Other School Districts			
Intermediate School Districts			
Other	18,000	18,979	16,328
Total State Sources	3,703,766	3,705,282	4,168,209

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted Received from the Federal Government through the State			
Title I	134,900	124,864	140,112
Title II - Part A	53,405	53,405	54,429
Title II - Part D	1,438	1,438	2,614
Title V	267	129	852
Hurricane Katrina Impact Aid	0	1,978	0
Learn & Serve Grant	0	1,719	0
Transfers from Other School Districts			
Intermediate School Districts			
IDEA Flowthrough	0	0	1,630
Medicaid Outreach	3,500	6,549	1,035
Drug Free Schools	2,363	2,330	2,934
Other	2,500	3,574	825
Total Federal Sources	<u>198,373</u>	<u>195,986</u>	<u>204,431</u>
<u>OTHER TRANSACTIONS</u>			
Payments Received from Other Public Schools			
Intermediate School Districts			
Vocational Education	170,000	189,699	231,079
Beaver Island	30,000	30,000	25,000
Special Education	215,000	215,182	222,123
Other School Districts			
Transfers	0	4,110	8,765
Tuition	<u>20,500</u>	<u>10,373</u>	<u>720</u>
Total Other Transactions	<u>435,500</u>	<u>449,364</u>	<u>487,687</u>
Total Revenues	11,874,849	11,924,924	12,071,658
<u>OTHER FINANCING SOURCES</u>			
Proceeds from the Sale of Capital Assets	0	300	13,658
TOTAL REVENUES AND OTHER SOURCES	\$ <u>11,874,849</u>	\$ <u>11,925,224</u>	\$ <u>12,085,316</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 1,202,175	\$ 1,199,756	\$ 1,425,168
Employee Benefits	692,179	683,211	773,009
Purchased Services	91,355	89,650	52,348
Supplies and Materials	38,555	42,026	46,403
Other Expense	11,865	11,740	4,503
	<u>2,036,129</u>	<u>2,026,383</u>	<u>2,301,431</u>
<u>Middle/Junior High</u>			
Salaries	1,102,300	1,095,944	1,225,540
Employee Benefits	624,140	644,831	661,688
Purchased Services	75,200	75,717	68,830
Supplies and Materials	25,410	25,433	30,314
Capital Outlay	3,865	3,865	6,455
Other Expense	9,400	8,929	7,585
	<u>1,840,315</u>	<u>1,854,719</u>	<u>2,000,412</u>
<u>High School</u>			
Salaries	1,198,220	1,201,326	1,434,735
Employee Benefits	616,427	609,755	678,790
Purchased Services	111,700	106,747	72,035
Supplies and Materials	92,190	75,204	96,188
Other Expense	38,615	41,004	15,350
	<u>2,057,152</u>	<u>2,034,036</u>	<u>2,297,098</u>
<u>Pre-School</u>			
Salaries	83,820	82,133	78,087
Employee Benefits	21,280	20,730	18,629
Supplies and Materials	1,200	1,202	2,320
	<u>106,300</u>	<u>104,065</u>	<u>99,036</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>Summer School</u>			
Salaries	18,365	18,361	18,562
Employee Benefits	4,265	4,262	4,180
Supplies and Materials	660	660	825
	<u>23,290</u>	<u>23,283</u>	<u>23,567</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	423,225	422,427	394,991
Employee Benefits	275,376	272,753	259,396
Purchased Services	19,900	18,069	25,146
Supplies and Materials	1,800	1,397	1,571
	<u>720,301</u>	<u>714,646</u>	<u>681,104</u>
<u>Compensatory Education</u>			
Salaries	152,271	154,336	136,821
Employee Benefits	98,683	96,465	105,943
Supplies and Materials	15,000	5,035	385
Other Expense	0	0	1,166
	<u>265,954</u>	<u>255,836</u>	<u>244,315</u>
<u>Career and Technical Education</u>			
Salaries	305,719	305,645	340,137
Employee Benefits	162,811	162,287	169,938
Purchased Services	35,000	40,457	34,213
Supplies and Materials	43,975	41,035	41,394
Capital Outlay	31,800	29,313	145,153
Other Expense	725	689	493
	<u>580,030</u>	<u>579,426</u>	<u>731,328</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>SUPPORTING SERVICES</u>			
<u>Pupil</u>			
<u>Guidance Services</u>			
Salaries	265,000	263,683	293,720
Employee Benefits	139,705	138,659	154,193
Purchased Services	3,105	1,995	876
Supplies and Materials	1,060	522	748
Other Expense	3,033	2,890	3,405
	<u>411,903</u>	<u>407,749</u>	<u>452,942</u>
 <u>Health Services</u>			
Supplies and Materials	540	380	420
Other Expense	160	0	174
	<u>700</u>	<u>380</u>	<u>594</u>
 <u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Salaries	43,746	43,852	19,108
Employee Benefits	10,995	11,018	4,565
Purchased Services	20,385	14,215	27,780
Supplies and Materials	1,638	1,550	25,509
Other Expense	21,000	22,516	29,592
	<u>97,764</u>	<u>93,151</u>	<u>106,554</u>
 <u>Educational Media Services</u>			
Salaries	156,249	156,429	193,875
Employee Benefits	83,206	81,622	92,293
Purchased Services	500	630	1,076
Supplies and Materials	12,172	11,768	11,535
Other Expense	240	0	785
	<u>252,367</u>	<u>250,449</u>	<u>299,564</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>Supervision and Direction</u>			
Salaries	8,800	8,777	8,558
Employee Benefits	2,199	2,191	2,015
	<u>10,999</u>	<u>10,968</u>	<u>10,573</u>
<u>Academic Student Assessment</u>			
Supplies and Materials	<u>3,000</u>	<u>2,874</u>	<u>3,732</u>
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	4,030	4,025	4,025
Purchased Services	60,100	54,732	49,638
Other Expenses	8,700	7,655	10,705
	<u>72,830</u>	<u>66,412</u>	<u>64,368</u>
<u>Executive Administration</u>			
Salaries	199,450	199,116	187,313
Employee Benefits	58,290	58,035	79,495
Purchased Services	7,360	6,855	7,220
Supplies and Materials	3,725	3,706	8,551
Other Expenses	2,100	1,862	1,794
	<u>270,925</u>	<u>269,574</u>	<u>284,373</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	448,055	444,871	549,916
Employee Benefits	186,310	181,638	271,005
Purchased Services	181,850	181,850	448
Supplies and Materials	2,340	2,249	3,634
Other Expense	2,520	2,449	2,493
	<u>821,075</u>	<u>813,057</u>	<u>827,496</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	64,000	63,964	63,964
Employee Benefits	34,226	33,859	33,173
Purchased Services	4,250	4,133	8,621
Supplies and Materials	1,125	1,124	540
Other Expenses	150	149	224
	<u>103,751</u>	<u>103,229</u>	<u>106,522</u>
<u>Other Business Services</u>			
Purchased Services			
Insurance and Bond Premiums	30,000	30,951	30,704
Other Expenses	30,000	29,775	26,890
	<u>60,000</u>	<u>60,726</u>	<u>57,594</u>
<u>Operation and Maintenance</u>			
Salaries	407,000	405,461	397,789
Employee Benefits	287,640	283,628	254,978
Purchased Services	498,850	463,967	507,267
Supplies and Materials	79,465	64,022	93,790
Capital Outlay	0	0	3,350
Other Expenses	5,000	4,663	7,664
	<u>1,277,955</u>	<u>1,221,741</u>	<u>1,264,838</u>
<u>Pupil Transportation Services</u>			
Salaries	257,500	256,438	267,720
Employee Benefits	140,560	136,086	156,416
Purchased Services	17,900	16,490	18,097
Supplies and Materials	96,300	89,940	95,186
Other Expense	4,400	4,258	4,127
	<u>516,660</u>	<u>503,212</u>	<u>541,546</u>
<u>Central Services</u>			
<u>Staff/Personnel Services</u>			
Purchased Services	8,800	6,933	13,464

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>Technology</u>			
Salaries	82,800	82,792	82,792
Employee Benefits	40,020	39,606	37,962
Purchased Services	5,000	1,013	1,274
Capital Outlay	54,600	58,729	14,592
	<u>182,420</u>	<u>182,140</u>	<u>136,620</u>
<u>COMMUNITY SERVICES</u>			
<u>Community Services Direction</u>			
Purchased Services	2,300	2,141	1,886
Supplies and Materials	1,000	1,053	2,037
	<u>3,300</u>	<u>3,194</u>	<u>3,923</u>
<u>Community Activities</u>			
Salaries	2,500	2,290	1,094
<u>OTHER TRANSACTIONS</u>			
Payments to Other Public Schools	35,000	21,027	43,051
Total Expenditures	<u>11,761,420</u>	<u>11,611,500</u>	<u>12,597,139</u>
<u>OTHER FINANCING USES</u>			
Transfers Out			
Special Revenue Funds			
Food Service	30,000	30,000	34,749
Athletic Activities	184,500	177,111	174,398
	<u>214,500</u>	<u>207,111</u>	<u>209,147</u>
TOTAL EXPENDITURES AND OTHER USES	\$ <u>11,975,920</u>	\$ <u>11,818,611</u>	\$ <u>12,806,286</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007
WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

	FOOD SERVICE	ATHLETIC ACTIVITIES	TOTALS	
			2007	2006
<u>ASSETS</u>				
Cash	\$ 360	\$ 2,120	\$ 2,480	\$ 19,626
Accounts Receivable	5,250	0	5,250	5,016
Inventory	5,111	0	5,111	7,314
TOTAL ASSETS	\$ 10,721	\$ 2,120	\$ 12,841	\$ 31,956
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 14,510
<u>FUND BALANCE</u>				
Reserved for Inventory	5,111	0	5,111	7,314
Unreserved, Undesignated	5,610	2,120	7,730	10,132
Total Fund Balance	10,721	2,120	12,841	17,446
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,721	\$ 2,120	\$ 12,841	\$ 31,956

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>TOTALS</u>	
			<u>2007</u>	<u>2006</u>
<u>REVENUES</u>				
Local Sources	\$ 282,760	\$ 80,401	\$ 363,161	\$ 391,808
State Sources	19,667	0	19,667	27,418
Federal Sources	156,795	0	156,795	135,609
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	459,222	80,401	539,623	554,835
	<hr/>	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>				
Salaries	146,720	142,675	289,395	284,344
Employee Benefits	105,759	34,435	140,194	142,340
Purchased Services	10,386	30,576	40,962	40,054
Supplies and Materials	230,672	20,891	251,563	252,390
Capital Outlay	1,945	695	2,640	12,440
Other Expenses	1,488	25,097	26,585	31,849
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	496,970	254,369	751,339	763,417
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(37,748)	(173,968)	(211,716)	(208,582)
	<hr/>	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES</u>				
Transfers In	30,000	177,111	207,111	209,147
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(7,748)	3,143	(4,605)	565
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - Beginning of Year	18,469	(1,023)	17,446	16,881
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - End of Year	\$ 10,721	\$ 2,120	\$ 12,841	\$ 17,446
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
SPECIAL REVENUE FUND - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 360	\$ 19,128
Accounts Receivable	5,250	5,016
Inventory	5,111	7,314
	<hr/>	<hr/>
TOTAL ASSETS	\$ 10,721	\$ 31,458
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 12,989
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	5,111	7,314
Unreserved, Undesignated	5,610	11,155
	<hr/>	<hr/>
Total Fund Balance	10,721	18,469
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,721	\$ 31,458
	<hr/> <hr/>	<hr/> <hr/>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SPECIAL REVENUE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 0	\$ 444	\$ 177
Children's Lunches	280,000	272,776	273,443
Adult Lunches	0	4,816	5,254
Other	0	4,724	5,729
State Sources			
Matching Funds	18,000	19,667	27,418
Federal Sources			
Grants-In-Aid Restricted - Federal Aid	147,300	133,939	119,248
U.S.D.A. Donated Commodities	0	22,856	16,361
Total Revenues	<u>445,300</u>	<u>459,222</u>	<u>447,630</u>
<u>EXPENDITURES</u>			
Salaries	156,000	146,720	142,261
Employee Benefits	108,800	105,759	110,025
Purchased Services	11,435	10,386	6,917
Supplies and Materials	213,300	230,672	219,096
Capital Outlay	2,000	1,945	0
Other Expenses	400	1,488	1,915
Total Expenditures	<u>491,935</u>	<u>496,970</u>	<u>480,214</u>
Excess of Revenues Over (Under) Expenditures	(46,635)	(37,748)	(32,584)
<u>OTHER FINANCING SOURCES</u>			
Transfers In - General Fund	<u>30,000</u>	<u>30,000</u>	<u>34,749</u>
Net Change in Fund Balance	(16,635)	(7,748)	2,165
FUND BALANCE - Beginning of Year	<u>18,469</u>	<u>18,469</u>	<u>16,304</u>
FUND BALANCE - End of Year	\$ <u>1,834</u>	\$ <u>10,721</u>	\$ <u>18,469</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SPECIAL REVENUE FUND - ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

		<u>2007</u>	<u>2006</u>
	<u>ASSETS</u>		
Cash		\$ 2,120	\$ 498
	<u>LIABILITIES AND FUND BALANCE</u>		
	<u>LIABILITIES</u>		
Due To Other Funds		\$ 0	\$ 1,521
	<u>FUND BALANCE</u>		
Unreserved, Undesignated - (Deficit)		<u>2,120</u>	<u>(1,023)</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 2,120</u>	<u>\$ 498</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN
SPECIAL REVENUE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
General Admissions	\$ 78,775	\$ 46,046	\$ 45,953
Season Tickets	0	15,202	18,870
Entry Fees	0	6,354	5,819
Tournaments	0	8,685	18,645
Miscellaneous	0	4,114	17,918
Total Revenues	<u>78,775</u>	<u>80,401</u>	<u>107,205</u>
<u>EXPENDITURES</u>			
Salaries	184,500	142,675	142,083
Employee Benefits	0	34,435	32,315
Purchased Services	26,280	30,576	33,137
Supplies and Materials	21,605	20,891	33,294
Capital Outlay	695	695	12,440
Other Expenses	29,120	25,097	29,934
Total Expenditures	<u>262,200</u>	<u>254,369</u>	<u>283,203</u>
Excess of Revenues Over (Under) Expenditures	(183,425)	(173,968)	(175,998)
<u>OTHER FINANCING SOURCES</u>			
Transfers In - General Fund	<u>184,500</u>	<u>177,111</u>	<u>174,398</u>
Net Change in Fund Balance	1,075	3,143	(1,600)
FUND BALANCE - Beginning of Year - (Deficit)	<u>(1,023)</u>	<u>(1,023)</u>	<u>577</u>
FUND BALANCE - End of Year - (Deficit)	\$ <u>52</u>	\$ <u>2,120</u>	\$ <u>(1,023)</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

DEBT SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 1,004,074	\$ 739,378
Taxes Receivable	<u>5,067</u>	<u>5,898</u>
 TOTAL ASSETS	 \$ <u>1,009,141</u>	 \$ <u>745,276</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 <u>LIABILITIES</u>		
Deferred Revenue	\$ 3,521	\$ 5,089
 <u>FUND BALANCE</u>		
Reserved for Debt Service	<u>1,005,620</u>	<u>740,187</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>1,009,141</u>	 \$ <u>745,276</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 1,757,000	\$ 1,675,321	\$ 1,562,564
Other Taxes	0	6,303	10,779
Penalties and Interest on Delinquent Taxes	0	7,197	3,493
Earnings on Investment and Deposits	0	74,946	40,672
Total Revenues	<u>1,757,000</u>	<u>1,763,767</u>	<u>1,617,508</u>
<u>EXPENDITURES</u>			
Redemption of Principal	660,000	660,000	590,000
Interest on Debt	835,240	835,239	862,329
Paying Agent Fees	1,200	525	1,200
Taxes Abated and Written Off	2,500	1,920	2,386
Miscellaneous	0	650	0
Total Expenditures	<u>1,498,940</u>	<u>1,498,334</u>	<u>1,455,915</u>
Net Change in Fund Balance	258,060	265,433	161,593
FUND BALANCE - Beginning of Year	<u>740,187</u>	<u>740,187</u>	<u>578,594</u>
FUND BALANCE - End of Year	<u>\$ 998,247</u>	<u>\$ 1,005,620</u>	<u>\$ 740,187</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

CAPITAL PROJECTS FUND - SINKING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

		<u>2007</u>	<u>2006</u>
	<u>ASSETS</u>		
Cash		\$ 963,840	\$ 447,574
Taxes Receivable		<u>1,412</u>	<u>1,642</u>
TOTAL ASSETS		\$ <u>965,252</u>	\$ <u>449,216</u>
	<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>			
Deferred Revenue		\$ 854	\$ 1,294
<u>FUND BALANCE</u>			
Reserved for Capital Projects		<u>964,398</u>	<u>447,922</u>
TOTAL LIABILITIES AND FUND BALANCE		\$ <u>965,252</u>	\$ <u>449,216</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

CAPITAL PROJECTS FUND - SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Tax - Current Tax Roll	\$ 658,000	\$ 614,264	\$ 578,900
Other Taxes	0	2,346	4,073
Penalties and Interest on Delinquent Taxes	0	2,685	1,843
Earnings on Investments and Deposits	0	40,493	13,498
Total Revenues	<u>658,000</u>	<u>659,788</u>	<u>598,314</u>
<u>EXPENDITURES</u>			
Operation and Maintenance			
Professional Services	5,750	750	650
Repairs	33,000	33,373	22,405
Additions/Improvements	115,000	108,003	79,732
Adjustment to Prior Year Property Taxes	200	1,186	729
Total Expenditures	<u>153,950</u>	<u>143,312</u>	<u>103,516</u>
Net Change in Fund Balance	504,050	516,476	494,798
FUND BALANCE - Beginning of Year - (Deficit)	<u>447,922</u>	<u>447,922</u>	<u>(46,876)</u>
FUND BALANCE - End of Year	<u>\$ 951,972</u>	<u>\$ 964,398</u>	<u>\$ 447,922</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES
COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

AGENCY FUNDS

					<u>TOTALS</u>	
	<u>HIGH SCHOOL BUILDING</u>	<u>MIDDLE SCHOOL BUILDING</u>	<u>ELEMENTARY SCHOOL BUILDING</u>	<u>ADMINISTRATIVE BUILDING</u>	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>						
Cash	\$ 54,010	\$ 11,945	\$ 42,688	\$ 72	\$ 108,715	\$ 107,315
<u>LIABILITIES</u>						
Due to Groups and Organizations	\$ 54,010	\$ 11,945	\$ 42,688	\$ 72	\$ 108,715	\$ 107,315

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES

AGENCY FUND

INTERNAL SCHOOL ACTIVITIES ACCOUNT - HIGH SCHOOL BUILDING

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 7/1/2006	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2007
Art Fund	\$ 102	\$ 886	\$ 869	\$ 119
Band	510	1,949	1,918	541
Baseball	209	11,274	9,021	2,462
Boys Soccer	1,098	0	0	1,098
Boys Varsity Basketball	2,562	600	1,989	1,173
Boys Wrestling	159	186	0	345
Broadcasting	12	227	172	67
Carland's Seminar	0	20	0	20
Cheerleaders Club	644	4,602	5,178	68
Chemistry	195	410	43	562
Class of 2006	2,023	0	2,023	0
Class of 2007	4,497	135	3,399	1,233
Class of 2008	2,327	9,026	7,389	3,964
Class of 2009	100	301	20	381
Class of 2010	0	100	56	44
Construction Technologies	3,865	1,820	2,419	3,266
Cross Country	2,220	6,699	5,330	3,589
Engineering Technologies	1,318	4,829	2,776	3,371
Enrichments Center	15	100	0	115
Faculty Gift	879	528	600	807
Football (Varsity)	4,903	14,873	19,064	712
French Club	526	0	0	526
Girls Basketball	4,014	0	2,154	1,860
Girls Soccer	1,441	5,559	4,579	2,421
Girls Softball	786	1,030	140	1,676
Girls Volleyball	831	2,802	2,479	1,154
Golf Team	328	358	686	0
Gowell Seminar	4	0	0	4
Health Occupations	966	808	1,122	652
Human Anatomy	0	2,759	2,759	0
Inaugural Trip	122	0	0	122
Interest	28	0	0	28
Kessler Seminar	150	0	150	0
Library Fine Money	695	746	1,260	181
Management Support	9	0	0	9

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES

AGENCY FUND

INTERNAL SCHOOL ACTIVITIES ACCOUNT - HIGH SCHOOL BUILDING

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 7/1/2006	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2007
Math Department	970	85	9	1,046
National Honor Society	240	2,826	2,629	437
NCA Goals Reading	3	0	0	3
Parking	586	640	909	317
Pencil Machine	67	150	126	91
Performing Arts	309	11,375	10,445	1,239
Performing Arts Assessment	183	0	0	183
Physics	30	2,700	2,715	15
Picture Money - High School	330	0	0	330
Planners	0	1,352	597	755
Principals Activity	3,358	8,110	11,468	0
Scholarships	0	45,755	45,755	0
Science	215	0	0	215
Ski Team	1,979	5,504	5,182	2,301
Softball - Junior Varsity	0	757	757	0
Spanish Club	596	42,593	37,817	5,372
Staff Lounge	1,717	500	781	1,436
Student Council	123	1,439	1,015	547
Student Locks	125	680	655	150
Tennis	0	304	304	0
Track	55	40	40	55
Yearbook	8,784	29,890	33,193	5,481
Other	1,179	808	520	1,467
	<u>\$ 58,387</u>	<u>\$ 228,135</u>	<u>\$ 232,512</u>	<u>\$ 54,010</u>
Represented by				
Assets				
Cash	<u>\$ 58,387</u>			<u>\$ 54,010</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 58,387</u>			<u>\$ 54,010</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES

AGENCY FUND

INTERNAL SCHOOL ACTIVITIES ACCOUNT - MIDDLE SCHOOL BUILDING

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 7/1/2006	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2007
Athletic Department	\$ 311	\$ 9,607	\$ 8,759	\$ 1,159
Art/Shop	1,246	254	915	585
Band	139	2,386	2,391	134
Class of 2009	484	4,572	4,550	506
Class of 2010	754	3,161	3,560	355
Class of 2011	68	286	292	62
Class of 2012	55	1,035	738	352
F.P.S. - Chicago Trip	336	4,592	4,563	365
Gift Fund	783	280	516	547
Library	106	2,584	2,574	116
Performing Arts	230	0	230	0
Principal's Account	4,683	6,607	7,186	4,104
School Store	66	158	217	7
Student Council	125	356	157	324
Wrestling	3,321	8,156	8,385	3,092
Yearbook	2,235	3,964	6,184	15
Class of 2010 Washington D.C. Trip	986	9,700	10,464	222
	<u>\$ 15,928</u>	<u>\$ 57,698</u>	<u>\$ 61,681</u>	<u>\$ 11,945</u>
Represented by				
Assets				
Cash	\$ <u>15,928</u>			\$ <u>11,945</u>
Liabilities				
Due to Groups and Organizations	\$ <u>15,928</u>			\$ <u>11,945</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES

AGENCY FUND

INTERNAL SCHOOL ACTIVITIES ACCOUNT - ELEMENTARY SCHOOL BUILDING

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 7/1/2006	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2007
Kindergarten	\$ 1,300	\$ 2,091	\$ 1,700	\$ 1,691
First Grade	757	1,996	2,322	431
Second Grade	1,066	2,157	2,508	715
Third Grade	27	574	489	112
Fourth Grade	728	636	421	943
Fine Arts	4,209	9,725	7,668	6,266
Fund Raiser	16,419	26,094	20,152	22,361
Library	621	9,236	9,506	351
Office	2,368	725	223	2,870
Pencils	374	850	588	636
Beach	56	217	260	13
Pictures	134	3,378	2,328	1,184
Pop Fund	6	1,033	445	594
Social Committee	683	735	1,004	414
Special Needs	1,927	3,581	2,897	2,611
STAR	512	0	0	512
Store Receipts	1,491	1,574	2,082	983
	<u>\$ 32,679</u>	<u>\$ 64,602</u>	<u>\$ 54,593</u>	<u>\$ 42,688</u>
Represented by				
Assets				
Cash	\$ <u>32,679</u>			\$ <u>42,688</u>
Liabilities				
Due to Groups and Organizations	\$ <u>32,679</u>			\$ <u>42,688</u>

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

FIDUCIARY FUND TYPES
AGENCY FUND

INTERNAL SCHOOL ACTIVITIES ACCOUNT - ADMINISTRATIVE BUILDING

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/1/2006	(Including Transfers)		6/30/2007
Petty Cash	\$ 321	\$ 12	\$ 261	\$ 72
Represented by				
Assets				
Cash	\$ 321			\$ 72
Liabilities				
Due to Groups and Organizations	\$ 321			\$ 72

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
GENERAL FUND 17.6874 MILLS				
<u>CHARLEVOIX COUNTY</u>				
City of Charlevoix	\$ 151,152,135	\$ 2,673,478	\$ 2,598,630	\$ 74,848
Charlevoix Township	108,812,879	1,924,611	1,871,174	53,437
Eveline Township	32,622,498	577,006	550,850	26,156
Hayes Township	76,215,802	1,348,056	1,245,200	102,856
Marion Township	24,880,144	440,061	417,096	22,965
Norwood Township	16,344,158	289,084	276,823	12,261
<u>ANTRIM COUNTY</u>				
Banks Township	3,236,738	57,249	56,211	1,038
	413,264,354	7,309,545	7,015,984	293,561
Less:				
Downtown Development Authority				
Net of Eligible Obligations	(10,526,071)	(186,178)		
	402,738,283	7,123,367		
<u>CAPITAL PROJECTS FUND</u> <u>.8712 MILLS</u>				
<u>CHARLEVOIX COUNTY</u>				
City of Charlevoix	220,335,366	191,942	187,159	4,783
Charlevoix Township	168,140,886	146,476	142,897	3,579
Eveline Township	48,697,117	42,457	40,089	2,368
Hayes Township	155,096,301	135,120	127,012	8,108
Marion Township	73,098,029	63,683	61,170	2,513
Norwood Township	43,960,062	38,323	35,345	2,978
<u>ANTRIM COUNTY</u>				
Banks Township	6,581,710	5,734	5,412	322
	715,909,471	623,735	599,084	24,651
Less:				
Downtown Development Authority	(10,870,612)	(9,471)		
	705,038,859	614,264		
<u>DEBT RETIREMENT FUND</u> <u>2.34 MILLS</u>				
<u>CHARLEVOIX COUNTY</u>				
City of Charlevoix	220,335,366	515,572	502,722	12,850
Charlevoix Township	168,140,886	393,442	383,830	9,612
Eveline Township	48,697,117	114,042	107,681	6,361
Hayes Township	155,096,301	362,939	341,176	21,763
Marion Township	73,098,029	171,062	164,310	6,752
Norwood Township	43,960,062	102,863	94,940	7,923
<u>ANTRIM COUNTY</u>				
Banks Township	6,581,710	15,401	14,537	864
	\$ 715,909,471	\$ 1,675,321	\$ 1,609,196	\$ 66,125

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	1999 School Building and Site Bonds		
<u>PURPOSE</u>	The Bonds were authorized at an election on October 11, 1999, for the purpose of erecting, furnishing and equipping a new high school building and an addition to the elementary school; acquiring and installing educational technology improvements; partially remodeling, refurnishing and re-equipping school buildings; acquiring, developing and improving a playground, athletic and outdoor physical education fields and sites and to pay the costs of issuing the Bonds.		
<u>DATE OF ISSUE</u>	December 1, 1999		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of Each Year		
<u>AMOUNT OF ISSUE</u>		\$	18,825,000
<u>AMOUNT OF ADVANCE REFUNDING RESULTING IN DEFEASANCE OF DEBT</u>			(14,410,000)
<u>AMOUNT REDEEMED</u>			
Current Year		\$	620,000
Prior Years			<u>2,320,000</u>
			<u>2,940,000</u>
<u>BALANCE OUTSTANDING</u>	June 30, 2007	\$	<u><u>1,475,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2007		\$ 36,527	\$ 36,527	\$ 0
May 1, 2008	4.90%	731,527	36,527	695,000
November 1, 2008		19,500	19,500	0
May 1, 2009	5.00%	799,500	19,500	780,000
		<u>\$ 1,587,054</u>	<u>\$ 112,054</u>	<u>\$ 1,475,000</u>

DENOMINATIONS \$5,000 Each, or any Integral Multiple Thereof.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2007

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2010, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any interest.

\$14,410,000 of the bonds maturing May 1, 2010 through May 1, 2020 will be redeemed utilizing the proceeds derived from the 2001 Refunding Bond Issue on May 1, 2010. The district has established an escrow fund with Fifth Third Bank, Grand Rapids, Michigan.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2001 Refunding Bonds
<u>PURPOSE</u>	The Bonds are being issued for the purpose of advance refunding a portion of the school District's outstanding 1999 School Building and Site Bonds dated December 1, 1999, which are due and payable May 1, 2010 through May 1, 2017, inclusive and May 1, 2020.
<u>DATE OF ISSUE</u>	October 23, 2001
<u>INTEREST PAYABLE</u>	May 1, and November 1, of Each Year
<u>AMOUNT OF ISSUE</u>	\$ 14,725,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 40,000
Prior Years	<div style="display: flex; justify-content: space-between;"> 155,000 195,000 </div>
<u>BALANCE OUTSTANDING</u>	June 30, 2007 \$ <u>14,530,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2007		\$ 365,543	\$ 365,543	
May 1, 2008	3.60%	410,543	365,543	\$ 45,000
November 1, 2008		364,732	364,732	
May 1, 2009	3.75%	409,732	364,732	45,000
November 1, 2009		363,889	363,889	
May 1, 2010	3.90%	1,273,889	363,889	910,000
November 1, 2010		346,144	346,144	
May 1, 2011	4.00%	1,346,144	346,144	1,000,000
November 1, 2011		326,144	326,144	
May 1, 2012	5.50%	1,411,144	326,144	1,085,000
November 1, 2012		296,306	296,306	
May 1, 2013	5.50%	1,496,306	296,306	1,200,000
November 1, 2013		263,306	263,306	
May 1, 2014	5.25%	1,583,306	263,306	1,320,000

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2014		228,656	228,656	
May 1, 2015	5.25%	1,653,656	228,656	1,425,000
November 1, 2015		191,250	191,250	
May 1, 2016	5.25%	1,691,250	191,250	1,500,000
November 1, 2016		151,875	151,875	
May 1, 2017	5.25%	1,651,875	151,875	1,500,000
November 1, 2017		112,500	112,500	
May 1, 2018	5.00%	1,612,500	112,500	1,500,000
November 1, 2018		75,000	75,000	
May 1, 2019	5.00%	1,575,000	75,000	1,500,000
November 1, 2019		37,500	37,500	
May 1, 2020	5.00%	1,537,500	37,500	1,500,000
		<u>\$ 20,775,690</u>	<u>\$ 6,245,690</u>	<u>\$ 14,530,000</u>

DENOMINATIONS

\$5,000 Each, or any Integral Multiple Thereof.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2012, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any interest payment date occurring on or after November 1, 2011, at par plus accrued interest to the date fixed for redemption.

The Bonds maturing on May 1, 2020 are term bonds (the "Term Bonds") subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount thereof, with interest thereon to the redemption date.

CHARLEVOIX PUBLIC SCHOOLS
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2007

When Term Bonds are purchased by the School District and delivered to the Paying Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the Term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the school district.

<u>Term Bonds due May 1, 2020</u>			<u>Principal</u>
	<u>Redemption Dates</u>		<u>Amounts</u>
May 1, 2018		\$	1,500,000
May 1, 2019			1,500,000
May 1, 2020			1,500,000

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

July 10, 2007

REPORT ON ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Charlevoix Public Schools
Charlevoix, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Charlevoix Public Schools, Charlevoix, Michigan, as of and for the year ended June 30, 2007, and have issued our report thereon dated July 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charlevoix Public Schools, Charlevoix, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charlevoix Public Schools, Charlevoix, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Charlevoix Public Schools, Charlevoix, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or

detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties and have taken measures of management oversight to help compensate for this limitation.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlevoix Public Schools, Charlevoix, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

July 10, 2007

LETTER OF COMMENTS AND RECOMMENDATIONS

Charlevoix Public Schools
Charlevoix, Michigan

Dear Members of the Board and Administrators:

As a result of our audit of the financial statements of the Charlevoix Public Schools for the year ended June 30, 2007, we would like to take this opportunity to comment on the following items relative to the management and accounting records and procedures of the School District:

Posting Budget to District Website

The State School Aid Act now requires local districts to post their annual operating budget and subsequent amendments on their website. We were able to find that the District has complied with this requirement by posting the 2006-2007 amended budget on the Districts website as required. We wish to remind you that this is an ongoing requirement and this act requires the posting to occur within 30 days of all newly adopted or amended budgets.

Condition of Accounting Records

The accounting records were again found to be in excellent condition. We would like to congratulate the accounting personnel for doing a good job and thank them for their efforts in accumulating the information needed for the audit.

Internal Activity Fund Accounting Records

We found some improvement with the accounting of the internal activity fund accounting records presented for our examination. While there is always room for improvement in any accounting system, we feel that the internal activity fund accounting personnel may benefit from some additional training on how to better utilize the accounting system to its full potential.

We are available to assist the District in this area if necessary.

We wish to take this opportunity to thank the Board for awarding this firm the audit assignment of the District, and the administration and staff for their assistance in helping us fulfill this audit assignment. If you have any questions relative to the preceding comments and recommendations or other areas of your annual audit, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.